

MINUTES OF MEETING OF THE CORPORATIONS COMMITTEE
November 3, 2006

A regular meeting of the Corporations Committee (the "Committee") of the Business Law Section of the State Bar of California was held at the San Francisco Airport Westin on November 3, 2006. Attendance was as follows:

MEMBERS PRESENT:

Derrick W. Britt
Edward A. Deibert
Bruce Deming
Christopher Delfino
Samuel C. Dibble
Sharon R. Flanagan
Michael J. Froch
Matthew Gemello
Steve Harmon
Peter Heinecke
Nina Hong
Brian Lebrecht
Barbara Mathews*
Mike Occhiolini
William R. Sawyers
Lemoine Skinner, III
Rose Sorensen*
Jennifer Sostrin*
James J. Thompson
Peter Wardle*
Russ Wood

MEMBERS ABSENT:

Nelson Crandall
Clint B. Davis
Deborah J. Rousch
Steven B. Stokdyk
Suzanne Weakley

LIAISONS AND GUESTS PRESENT:

Betsy Bogart – California Secretary of State*
Tim Le Bas – Department of Corporations*
Dan Weiser – Executive Committee

*Via Telephone

The minutes summarize discussion primarily in the order items were listed on the Agenda for the meeting previously circulated to members of the Committee, which is not necessarily the order in which the items were actually taken up at the meeting. The Committee did not take up those topics listed on the Agenda that are not described in these minutes.

I. Administrative Matters

1. Opening Remarks: The meeting was called to order by Co-Chairs Woods and Deming at 9:30. All members, liaisons and guests introduced themselves.

2. Remarks of Secretary and Vice-Chair of Communications: Sostrin and Delfino discussed specifics regarding the extranet and state bar online member profile.

3. CalPERS: Deming indicated that Marte Castanos, an attorney at CalPERS, has expressed an interest in participating in the monthly meeting of the Committee. A discussion ensued.

II. Agency and Liaisons' Reports

1. Securities and Exchange Commission: No report.

2. NASD: No report.

3. Department of Corporations: March meeting to be held in Sacramento at the Department of Corporations. Committee to determine. Mr. Le Bas discussed the compensatory plan rules and indicated information is online in respect of the same (public comment period expires December 15, 2006). Mr. Le Bas also discussed other proposed rulemaking items and corresponding comment periods. Le Bas covered items 1 and 3 in Section V below.

4. Secretary of State: Ms. Bogart discussed AB 2341 which provides for the elimination of tax clearance certificates. Ms. Bogart also discussed the success of the Secretary of State's pre-clearance and expedited filing services which has been expanded to all documents submitted to Secretary of State pursuant to the California Corporations Code, the California Financial Code or the California Insurance Code. Deming suggested that an e-bulletin is warranted in this regard. Dissolutions forms also available on the Secretary of State website.

5. Office of Governmental Affairs: Mr. Doyle provided an introduction regarding his background and reported that the legislature is currently out of session. Board of Governors approval on November 17.

6. BLS Committee Liaison Reports:

A. Corporate Law Departments: B. Mathews and R. Sorensen reported on the progress of the Corporate Law Departments ("CLD"), including CLD's proposed speaker series. Corporate Law Departments would like to partner with other committees, including the Committee.

B. Cyberspace Law: Mr. Wood reported that there is nothing new to report.

C. Financial Institutions: Mr. Occhiolini reported on the last meeting of the Financial Institution Committee, including a brief discussion of the Target case.

D. Non-Profit Corporations: Mr. Sawyers reported on the last meeting of the Non-Profit Corporations Committee.

E. Partnerships and LLCs: Mr. Skinner reported on the last meeting of the Non-Profits Committee.

F. UCC: Ms. Hong reported that the Executive Committee has encouraged the UCC Committee to send out more e-bulletins.

G. Executive Committee: Mr. Weiser mentioned the new Executive Committee liaisons to the Committee. Mr. Weiser and Nancy Wotjas are the Northern California liaisons and Steve Hazen and Keith Bishop are the Southern California liaisons.

7. BLS Committee liaisons 2006-2007:
ADR: Lebrecht
Corporate Law Departments: Mathews
Cyberspace Law: Britt
Financial Institutions: Occhiolini
Partnerships and LLCs: Skinner
Nina: UCC

III. SUBCOMMITTEE REPORTS

1. Legislation: Mr. Harmon reported on recent legislation.

A. ALP re Corporate Disclosure Act: Being circulated to legislators to identify sponsor.

B. ALP re Section 800: Harmon reported. Re standard for corporate derivative law suits in California. Proposed modifications include standard for posting a bond and the amount of the bond. Project on hold per Harmon.

C. ALP re Section 1800: Deming reported. Re involuntary dissolution of a corporation. Statute covers who can file and on what grounds. Gemello, Flanagan, Britt and Skinner volunteered to assist with this matter.

D. ALP re Grafton: Re unenforceability of pre-trial jury waivers in California. Awaiting feedback on draft ALP.

E. ALP re Close Corps: On hold pending update from Executive Committee.

F. New Legislation Update: No report.

G. Proposed Topics for New ALPs: Wood requested that Committee members bring up proposed topics at the next meeting.

2. Communications/ Website: Delfino reported on website updates and reminded members to update their member profiles online. Wood commented that he and Deming would like to set up a subcommittee to determine appropriate e-bulletin topics for circulation, including

the Secretary of State's bill in respect of tax clearance, request to provide annual minutes and majority voting. Sorensen, Delfino, Froch and Dibble offered to volunteer.

3. Education/ Publications: Hong indicated she would coordinate with Weakley.
4. Litigation: Wood reported that there is nothing new to report.

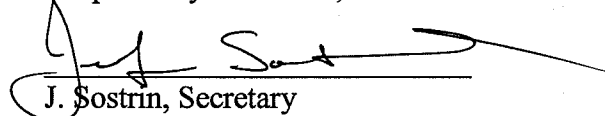
IV. ONGOING PROJECTS:

1. Section 2115 Project: Re internal affairs doctrine. Deming indicated that last year the Committee evaluated whether the same should be amended or repealed. Project on hold pending outcome of Grosset v. Wenaas decision. Britt and Lebrecht will track.
2. National Venture Capital Association Model Forms: Skinner reported. Forms posted on the website.
3. ABA Task Force on Attorney-Client Privilege: Wood indicated he will step down. B. Mathews volunteered to work on this project. Matter pending against California Rural Legal Assistance.
4. Venture Capital Opinion Project: Wood reported that he will follow-up as to status.
5. Amendments re director voting: Wood solicited volunteers.

V. NEW BUSINESS:

1. Comment letter on finders in securities transactions: Wood reported that Department of Corporations is requested comments on the same. . Lebrecht and Thompson volunteered to prepare comments.
2. FRE 502 Proposal: Wood and Deming indicated that they will solicit volunteers to assist with the preparation of a comment letter.
3. Comment on 25102(o) reform: Wood reported that Department of Corporations is requested comments on the same. Wood and Deming indicated that they will solicit volunteers.

Respectfully submitted,


J. Sostrin, Secretary